

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*

Debtors.¹

PROMESA
Title III

Case No. 17-BK-3283-LTS

(Jointly Administered)

**RESPONSE OF DEBTORS TO THE OBJECTION OF CERTAIN DEFENDANTS TO
THE SUPERSEDING STATUS REPORT OF DEBTORS AND ALTERNATIVE
PROPOSED CASE MANAGEMENT ORDER OF DEBTORS AND CERTAIN
DEFENDANTS IN CONNECTION WITH ADVERSARY PROCEEDING NUMBERS
19-291, 19-292, 19-293, 19-294, 19-295, 19-296, 19-297, 19-362, 19-363, 19-364, AND 19-365**

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations.)

To the Honorable United States Magistrate Judge Judith Gail Dein:

Debtors the Commonwealth of Puerto Rico (the “Commonwealth”) and the Puerto Rico Highways and Transportation Authority (“HTA,” and together with the Commonwealth, “Debtors”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the Commonwealth’s and HTA’s sole representative pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), respectfully submit this response (the “Response”) to the July 22, 2019 *Objection of Certain Defendants to the Oversight Board’s Request for Reconsideration of the Court’s Stay Contained in the Superseding Status Report of the Debtors and Alternative Proposed Case Management Orders of Debtors and Certain Defendants in Connection with Adversary Proceeding Numbers 19-291, 19-292, 19-293, 19-294, 19-295, 19-296, 19-297, 19-362, 19-363, 19-364, 19-365*, [Case No. 17-03283-LTS, ECF No. 8176] (the “Objection”).

1. The Court’s Stay Orders² [Case No. 17-0328-LTS, ECF Nos. 7426 and 7427] directed the parties to adversary proceeding numbers 19-291, 19-292, 19-293, 19-294, 19-295, 19-296, 19-297, 19-362, 19-363, 19-364, and 19-365 to file a proposed case management order on or before July 17, 2019. In compliance with the Court’s requirement, on July 17, 2019, Debtors and Certain Interested Defendants (as that term is defined in the Superseding Status Report) filed a *Superseding Status Report of the Debtors and Alternative Proposed Case Management Orders of Debtors and Certain Defendants in Connection with Adversary Proceeding Numbers 19-291, 19-292, 19-293, 19-294, 19-295, 19-296, and 19-297* [Case No. 17-03283-LTS, ECF No. 8083] and *Superseding Status Report of the Debtors and Alternative Proposed Case Management Orders of Debtors and Certain Defendants in Connection with Adversary Proceeding Numbers 19-362, 19-*

² Defined terms not defined herein have the same meaning as in the Superseding Status Report.

363, 19-364, and 19-365 [Case No. 17-03567-LTS, ECF No. 613] (collectively, the “Superseding Status Report”).³

2. The Superseding Status Report updated the Court regarding service and the required meet-and-confer process. Additionally, because the parties could not reach agreement on a proposed joint case management order, Debtors and Certain Interested Defendants each provided the Court with their respective alternative proposed case management orders.

3. Certain Interested Defendants proposed what Debtors believe to be an unworkable multi-year-long schedule that treats the Adversary Proceedings, with 628 defendants, like any run-of-the-mill case and would not achieve what Debtors believed were the Court’s desired efficiencies. Certain Interested Defendants, for example, proposed that discovery in all of the proceedings—without any limitations or organized processes—begin on September 1, 2019, the deadline for service upon Defendants and one month before motions to dismiss can be filed. Moreover, Certain Interested Defendants’ proposed case management order does not include any mechanism for a manageable coordination of briefing on motions to dismiss and would therefore inevitably result in significantly overlapping briefing and duplication of efforts.

4. Accordingly, in their portion of the Superseding Status Report, Debtors proposed that, under the circumstances, the Court should extend the stay of the Adversary Proceedings for an additional 45 days, up to and including October 15, 2019, so that the issues raised in the Adversary Proceedings can be efficiently addressed in connection with any hearings to consider approval of a disclosure statement or otherwise prior to any hearing to consider confirmation of a plan of adjustment. This proposal would, in Debtors’ view, allow all interested parties to appear

³ Debtors also filed the appropriate version of the Superseding Status Report in each of the Adversary Proceedings.

and participate in the proceedings at the same time—including those who were unable to participate in the meet and confer because they had not been served yet—thereby permitting all of the parties to brief relevant issues in a coordinated manner.

5. Certain Defendants—all of whom are also Certain Interested Defendants—(the “Objecting Defendants”) have now filed the Objection to Debtors’ portion of the Superseding Status Report, grossly mischaracterizing Debtors’ portion as a “motion for reconsideration” of the Court’s Stay Orders. Of course, as discussed above, Debtors have not moved for reconsideration.

6. There is no basis for the Objecting Defendants’ misrepresentation that Debtors filed a “motion for reconsideration,” and they appear to have done so as a pretext to file another brief touting their proposed case management order in the guise of an “Objection” to a non-existent “motion for reconsideration.”

7. Rather than burden this Court with an additional last-minute brief further detailing the flaws with the Objection and Certain Interested Defendants’ previously submitted proposed case management order in the Superseding Status Report, Debtors simply note the Objection does not, and Debtors submit cannot, justify Certain Interested Defendants’ proposed case management order, and Debtors will be prepared to discuss the issues at the July 24, 2019 Omnibus Hearing.

CERTIFICATE OF SERVICE

I hereby certify that, on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notifications of such filing to all CM/ECF participants in this case.

/s/ Hermann D. Bauer
Hermann D. Bauer

Dated: July 23, 2019
San Juan, Puerto Rico

/s/ Hermann D. Bauer
Hermann D. Bauer
USDC No. 215205
Ubaldo M. Fernández
USDC No. 224807
O'NEILL & BORGES LLC
250 Muñoz Rivera Ave., Suite 800
San Juan, PR 00918-1813
Tel: (787) 764-8181
Fax: (787) 753-8944
Email: hermann.bauer@oneillborges.com
ubaldo.fernandez@oneillborges.com

/s/ Martin J. Bienenstock
Martin J. Bienenstock (*pro hac vice*)
Brian Rosen (*pro hac vice*)
PROSKAUER ROSE LLP
Eleven Times Square
New York, NY 10036
Tel: (212) 969-3000
Fax: (212) 969-2900

Michael A. Firestein (*pro hac vice*)
Larry Alan Rappaport (*pro hac vice*)
PROSKAUER ROSE LLP
2029 Century Park East
Suite 2400
Los Angeles, CA 90067-3010
Tel: (310) 557-2900
Fax: (310) 557-2193

*Attorneys for the Financial Oversight and
Management Board as representative for
Debtors*